

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Vevay	County Ingham
Audit Date 3/31/05	Opinion Date 6/16/05	Date Accountant Report Submitted to State: 9/26/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

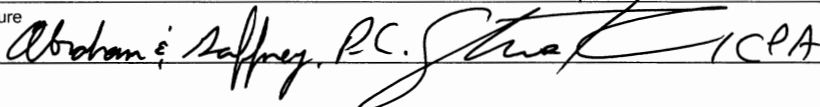
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.			
Street Address 3511 Coolidge Road, Ste 100	City East Lansing	State MI	ZIP 48823
Accountant Signature 		Date 9/19/05	

**Township of Vevay
Ingham County, Michigan**

FINANCIAL STATEMENTS

March 31, 2005

Township of Vevay
Ingham County, Michigan
March 31, 2005
BOARD OF TRUSTEES

Ronald Weesies

Supervisor

Susan Kosier

Clerk

Linda Diamond

Treasurer

Douglas Shaw

Trustee

Dale Ruttan

Trustee

Township of Vevay
Ingham County, Michigan
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INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Township of Vevay
Mason, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Vevay, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Vevay, Michigan as of March 31, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of April 1, 2004, along with all related statements and interpretations.

The management's discussion and analysis and budgetary comparison information, as identified in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Vevay's basic financial statements. The accompanying other supplementary information, as identified in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 16, 2005

New Financial Reporting

Starting with fiscal year 2005, the Township of Vevay, Michigan (the "Township") has revised and improved its financial reporting document. These changes are a result of standards set by the Governmental Accounting Standards Board (GASB). The intent of these new standards is to provide citizens, taxpayers, customers, and investors with a better understanding of how the Township's money and other assets are managed.

The new standards set by GASB are intended to give the reader of this annual financial report a better understanding of the financial status of the Township. The new standards introduce accounting rules and systems that are common in the private sector. This report presents a much broader picture of the Township's financial status. Through this comprehensive reporting of assets and liabilities, the reader should have a greater understanding of the Township's financial health.

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

Comparative analysis will be provided in future years, as it is not required in the first year of implementation of GASB #34.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2005:

- State shared revenue, our largest revenue source in the General Fund, was reduced by the State of Michigan by over \$10,000 this year. This reduction was the result of reduced sales tax revenues collected by the State and changes in the distribution formula used by the State. Over the past few years, the State has overestimated its projected revenues to be shared with local governments.
- The fund balance of the Township's General Fund increased by \$69,547.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township of Vevay as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township of Vevay in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township of Vevay acts solely as a trustee or agent for the benefit of those outside the government.

The Township as a Whole

The following table shows, in a condensed format, the net assets of the primary government as of March 31, 2005. A comparative analysis of data will be presented in future years when the information is available.

Assets	
Current assets	\$ 709,393
Noncurrent assets	<u>108,515</u>
Total assets	817,908
Liabilities	
Current liabilities	<u>37,458</u>
Net Assets	
Invested in capital assets	108,515
Unrestricted	<u>671,935</u>
Total net assets	<u>\$ 780,450</u>

The Township's total net assets were \$780,450 at March 31, 2005. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$671,935 at the end of the fiscal year. The net assets invested in capital assets were \$108,515. The management's discussion and analysis will present a condensed comparative statement of net assets next year when we have two years of statements in the GASB Statement No. 34 format.

The following table shows the changes in net assets of the primary government during the current year. Future reports will provide comparative data for the statement of activities. Comparative data is not required during the first year of reporting under requirements of GASB Statement No. 34.

Revenue	
Program revenue:	
Charges for services	\$ 86,510
Capital grants and contributions	19,431
General revenues:	
Property taxes	179,292
State shared revenue	241,082
Investment earnings	13,128
Other	<u>5,381</u>
Total revenue	544,824
Program Expenses	
General government	234,569
Public safety	80,029
Public works	38,862
Community and economic development	22,941
Other	<u>82,898</u>
Total program expenses	<u>459,299</u>
Change in Net Assets	<u>\$ 85,525</u>

Governmental Activities

The Township's governmental revenues totaled \$544,824 with the greatest revenue source being state shared revenue, making up approximately 44 percent of total revenues. Property taxes make up approximately 33 percent of total governmental revenue. Over the past few years, state shared revenue and interest income have both declined.

The Township incurred expenses of \$459,299 during the year. The majority of expenses are associated with the general government and public safety functions, which includes various general governmental activities, fire protection and building, zoning, and planning activities.

The Township's Funds

The analysis of the Township's major fund begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the General Fund, not the Township of Vevay as a whole. The Township of Vevay's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages.

The General Fund pays for most of the Township's governmental services. The most significant services provided during the fiscal year were general governmental activities of \$234,569, and public safety related activities, which incurred expenditures of \$80,029 for the fiscal year. These activities are funded primarily through property taxes.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to cover some minor changes in expenditures. However, because overall the Township came in under budget at year-end, there was an overall favorable variance of approximately \$208,850 from budget. This was mainly due to almost \$60,000 more than budgeted in state revenues and almost \$91,000 less in capital outlay expended during 2004/05.

Capital Assets

At the end of the fiscal year, the Township had approximately \$266,332 invested in capital assets, including the Township hall and grounds, and various machinery and equipment. There was \$157,817 in accumulated depreciation on these assets with a resulting investment in capital assets (net book value) of \$108,515.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing continues to be under attack. The governor's proposed budget for the State's 2004/05 fiscal year calls for a reduction of 3 percent of total revenue sharing. This should mean an additional reduction in revenue sharing for the Township of Vevay for 2005/06.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall at (517) 676-9523.

BASIC FINANCIAL STATEMENTS

Township of Vevay

STATEMENT OF NET ASSETS

March 31, 2005

	Primary Government Governmental Activities	Component Unit (DDA)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 284,774	\$ 233,851
Investments	316,981	
Receivables	98,057	-
Due from other governmental units	9,581	43,504
Total current assets	709,393	277,355
Noncurrent assets		
Capital assets, net	108,515	-
Total noncurrent assets	108,515	-0-
TOTAL ASSETS	817,908	277,355
LIABILITIES		
Current liabilities		
Accounts payable	16,152	-
Accrued liabilities	15,881	-
Due to other governmental units	5,425	-
TOTAL LIABILITIES	37,458	-0-
NET ASSETS		
Invested in capital assets	108,515	-
Unrestricted	671,935	277,355
TOTAL NET ASSETS	\$ 780,450	\$ 277,355

See accompanying notes to financial statements.

Township of Vevay

STATEMENT OF ACTIVITIES

Year Ended March 31, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Primary government:					
Governmental activities					
General government	\$ 234,569	\$ 45,104	\$ -	\$ (189,465)	\$ -
Public safety	80,029	17,792	-	(62,237)	-
Public works	38,862	22,369	19,431	2,938	-
Community and economic development	22,941	1,245	-	(21,696)	-
Other	82,898	-	-	(82,898)	-
Total primary government	<u>\$ 459,299</u>	<u>\$ 86,510</u>	<u>\$ 19,431</u>	<u>(353,358)</u>	<u>-0-</u>
Component unit:					
Downtown Development Authority	<u>\$ 9,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-0-</u>	<u>(9,368)</u>
General revenues:					
Property taxes				179,292	53,326
State shared revenues				241,082	-
Investment earnings				13,128	229
Miscellaneous				5,381	-
Total general revenues				<u>438,883</u>	<u>53,555</u>
Change in net assets				85,525	44,187
Net assets, beginning of the year				694,925	233,168
Net assets, end of the year				<u>\$ 780,450</u>	<u>\$ 277,355</u>

See accompanying notes to financial statements.

Township of Vevay

GOVERNMENTAL FUNDS BALANCE SHEET

March 31, 2005

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 277,426	\$ 7,348	\$ 284,774
Investments	286,128	30,853	316,981
Receivables			
Accounts	32,454	200	32,654
Interest	608	-	608
Special assessments	64,795	-	64,795
Taxes	9,581	-	9,581
Due from other funds	-	274	274
TOTAL ASSETS	\$ 670,992	\$ 38,675	\$ 709,667
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 16,152	\$ -	\$ 16,152
Accrued liabilities	15,881	-	15,881
Due to other governmental units	5,425	-	5,425
Due to other funds	274	-	274
Deferred revenue	60,510	-	60,510
TOTAL LIABILITIES	98,242	-0-	98,242
FUND BALANCES			
Unreserved			
Undesignated, reported in:			
General fund	572,750	-	572,750
Special revenue funds	-	38,675	38,675
TOTAL FUND BALANCES	572,750	38,675	611,425
TOTAL LIABILITIES AND FUND BALANCES	\$ 670,992	\$ 38,675	\$ 709,667

See accompanying notes to financial statements.

Township of Vevay

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

March 31, 2005

Total fund balance - governmental funds **\$ 611,425**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 266,332	
Accumulated depreciation is	<u>(157,817)</u>	
Capital assets, net		108,515

Long-term receivables are not available to pay for current period expenditures
and are therefore deferred in the funds. These consist of:

Deferred revenue	<u>60,510</u>
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Net assets of governmental activities **\$ 780,450**

See accompanying notes to financial statements.

Township of Vevay

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2005

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 190,589	\$ -	\$ 190,589
Licenses and permits	35,054	-	35,054
Intergovernmental	241,082	-	241,082
Charges for services	21,042	760	21,802
Interest and rents	18,945	394	19,339
Special assessments	16,822	2,609	19,431
Other	4,516	910	5,426
TOTAL REVENUES	528,050	4,673	532,723
EXPENDITURES			
General government	233,405	259	233,664
Public safety	80,029	-	80,029
Public works	37,720	1,142	38,862
Community and economic development	22,941	-	22,941
Capital outlay	1,510	-	1,510
Other	82,898	-	82,898
TOTAL EXPENDITURES	458,503	1,401	459,904
EXCESS OF REVENUES OVER EXPENDITURES	69,547	3,272	72,819
Fund balances, beginning of year	507,319	35,403	542,722
Prior period adjustments	(4,116)	-	(4,116)
Fund balances, end of year	\$ 572,750	\$ 38,675	\$ 611,425

See accompanying notes to financial statements.

Township of Vevay

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2005

Net change in fund balances - total governmental funds \$ 72,819

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 10,411	
Depreciation expense	<u>(9,806)</u>	
Excess of capital outlay over depreciation expense		605

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue	<u>12,101</u>
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Change in net assets of governmental activities	<u><u>\$ 85,525</u></u>
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See accompanying notes to financial statements.

Township of Vevay

Fiduciary Funds

STATEMENT OF NET ASSETS

March 31, 2005

	Agency Funds		
	Trust and Agency	Current Tax Collection	Total
ASSETS			
Cash and cash equivalents	\$ 6,621	\$ 143,695	\$ 150,316
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to individuals and agencies	\$ 6,621	\$ -	\$ 6,621
Due to other governmental units	-	143,695	143,695
TOTAL LIABILITIES	\$ 6,621	\$ 143,695	\$ 150,316

See accompanying notes to financial statements.

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township of Vevay, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two trustees and provides services in many areas including fire protection, roads, and planning service.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity*; and *Statement on Michigan Governmental Accounting and Auditing No. 5*; these financial statements present all financial activities of the Township of Vevay (primary government) and its component unit (Downtown Development Authority). The component unit described in Section 2 below is included in the Township's reporting entity because of the significance of the operational and financial relationship with the Township and is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

Based upon the application of these criteria, the financial statements of the Township of Vevay contain all the funds controlled by the Township Board.

2. Discretely Presented Component Unit

The component unit is reported in a separate column to emphasize that, while legally separate, the Township of Vevay remains financially accountable for this entity.

The governing body of the Downtown Development Authority is a nine (9) member board appointed by the Township Board. The Authority's budget is subject to the approval of the Township Board, and the Township temporarily relinquishes part of its tax base to the Authority (tax increment revenues).

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component unit as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The major fund of the Township is the General Fund. It is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

5. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

7. Budgets and Budgetary Accounting

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Supervisor submits to the Township Board the proposed operating budgets for the fiscal year commencing the following April 1. The operating budgets include proposed expenditures and resources to finance them.

Township of Vevay
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Budgets and Budgetary Accounting - continued

- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to April 1, the budget is legally adopted with passage by Board vote.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or as amended by the Township Board during the year. Individual amendments were not material to the originally adopted budget.

8. Cash, Cash Equivalents, and Investments

Cash consists of checking and money market savings accounts.

Investments consist of certificates of deposit with an original maturity of greater than 90 days. Investments are recorded at market value in accordance with the implementation of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

9. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services.

10. Due From Other Governmental Units

Due from other governmental units consists of amounts due from local units of government for property taxes collected that are still owed to the Township.

11. Property Tax

The Township of Vevay bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The property taxes attach as an enforceable lien on property as of December 1. Taxes are levied December 1 and are payable through February 14. All property taxes not paid by February 14 are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 per \$1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended March 31, 2005, the Township levied .9161 mills per \$1,000 of assessed valuation for general governmental services. The total taxable value for the 2004 levy for property within the Township was \$104,940,958. The Township also receives property tax revenue as a result of Public Act 425 Agreements with the City of Mason. For the year ended March 31, 2005, the Township received \$45,668 from these agreements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Machinery, equipment, and furniture	5 - 15 years

13. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

14. Accounting Change

As of April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement) along with all related statements and interpretations. Certain significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided. A reconciliation is presented between the fund level (modified accrual) and government-wide (full accrual) statements since their measurement focus is not the same.
- Capital assets reported on the statement of net assets include assets in the amount of \$403,453, which were previously reported in the General Fixed Assets Account Group. The government-wide statement of activities reflects depreciation expenses on the Township's capital assets.
- The governmental fund financial statements focus on major funds rather than fund types.

This implementation has also required certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34 based on GASB Statement No. 38. Certain note disclosures have been added and/or amended, including descriptions of activities of major funds and interfund balances and transactions, and various other disclosures.

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of March 31, 2005, the carrying amounts and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking	\$ 278,869	\$ 258,663
Money market savings	5,705	5,706
Certificates of Deposit	<u>316,981</u>	<u>317,423</u>
Total primary government	601,555	581,792
FIDUCIARY FUNDS		
Checking	150,316	7,047
COMPONENT UNIT		
Checking	<u>233,851</u>	<u>233,856</u>
TOTAL REPORTING ENTITY	<u>\$ 985,722</u>	<u>\$ 822,695</u>

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2005, the Township accounts were insured by the FDIC for \$401,279, and the amount of \$421,416 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

The cash and cash equivalents captions in the basic financial statements include \$200 in petty cash.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2005 was as follows:

	Restated Balance <u>April 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2005</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 22,500	\$ -	\$ -	\$ 22,500
Capital assets being depreciated				
Buildings and improvements	181,134	-	-	181,134
Machinery and equipment	<u>52,287</u>	<u>10,411</u>	<u>-</u>	<u>62,698</u>
Total capital assets being depreciated	233,421	10,411	-0-	243,832
Less accumulated depreciation for:				
Buildings and improvements	(115,850)	(4,528)	-	(120,378)
Machinery and equipment	<u>(32,161)</u>	<u>(5,278)</u>	<u>-</u>	<u>(37,439)</u>
Total accumulated depreciation	<u>(148,011)</u>	<u>(9,806)</u>	<u>-0-</u>	<u>(157,817)</u>
Net capital assets being depreciated	<u>85,410</u>	<u>605</u>	<u>-0-</u>	<u>86,015</u>
Net capital assets	<u>\$ 107,910</u>	<u>\$ 605</u>	<u>\$ -0-</u>	<u>\$ 108,515</u>

Depreciation expense was charged to the following governmental activities:

General government	<u>\$ 9,806</u>
--------------------	-----------------

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at March 31, 2005:

Due to nonmajor governmental funds from:	
General fund	<u>\$ 274</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE E: RISK MANAGEMENT

The Township is exposed to various risks of loss including in-land marine; property; liability; and workers' compensation for which the Township carries commercial insurance.

The Township participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including public official bond insurance. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claim filed against the pool nor do they have any right to dividends.

NOTE F: RETIREMENT PLAN

The Township of Vevay is the sponsor of a retirement plan for the sole benefit of its employees. The Township of Vevay Pension Plan is a money purchase defined contribution pension benefit plan. Contributions are based on an employee's compensation actually paid throughout the plan year. During the year ended March 31, 2005, the Township of Vevay made contributions for all participating employees of 10% per employee, with the participating employees required to contribute 5% each.

All elected officials, the secretary, building inspector, zoning administrator, assessor, and any other Township employee who works 30 hours per week is eligible to participate in the plan. The contributions fund the premiums for Individual Deferred Annuity policies with the Manulife Financial through the Manufacturers Life Insurance Company.

For the year ended March 31, 2005, the Township of Vevay had a total payroll of \$163,815. The Township of Vevay Retirement Plan covered payroll for the period ended March 31, 2005 of \$105,998. The Township of Vevay made contributions for the 2005 plan year to the retirement plan in the amount of \$10,599.

NOTE G: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Section 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level.

During the year ended March 31, 2005, the Township incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	Amounts <u>Appropriated</u>	Amounts <u>Expended</u>	<u>Variance</u>
General Government			
Township Board	\$ 29,750	\$ 41,461	\$ 11,711
Board of Review	1,035	2,030	995
Public Safety			
Building Inspector	15,750	17,223	1,473
Public Works			
Highways	29,250	30,729	1,479

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE H: PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made during the current period, which were the result of correction of accounting errors. These adjustments were reported as changes to beginning fund equity. The effect on operations and other affected balances for the current year and prior period are as follows:

	March 31,		
	<u>2005</u>	<u>2004</u>	<u>Description</u>
PRIMARY GOVERNMENT			
General Fund			
Accounts receivable	\$ -	\$(14,335)	Correct overstatement of accounts receivable
Revenue over (under) expenses	-	(14,335)	
Fund balance - beginning	(14,335)	-	
Prepaid expenditures	-	10,219	Correct understatement of prepaid expenditures
Revenue over (under) expenses	-	10,219	
Fund balance - beginning	10,219	-	

REQUIRED SUPPLEMENTARY INFORMATION



Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Current property taxes	\$ 130,000	\$ 130,000	\$ 140,081	\$ 10,081
Delinquent property taxes	6,600	6,600	724	(5,876)
Penalties and interest	6,700	6,700	11,298	4,598
Trailer park taxes	1,200	1,200	-	(1,200)
Administration fees	34,000	34,000	38,486	4,486
Total taxes	178,500	178,500	190,589	12,089
Licenses and permits				
Building/zoning permits	20,500	20,500	20,759	259
Sewer connection fees	550	550	410	(140)
Special use permits	1,000	1,000	1,200	200
Cable television franchise fees	5,400	5,400	7,883	2,483
Miscellaneous fees and permits	4,350	4,350	4,802	452
Total licenses and permits	31,800	31,800	35,054	3,254
Intergovernmental				
State shared revenue	176,465	176,465	241,082	64,617
Charges for services				
Land division fees	1,000	1,000	700	(300)
Board of appeals fees	950	950	850	(100)
Tax collection fees	9,200	9,200	-	(9,200)
Plat review fees	1,000	1,000	-	(1,000)
Rezoning fees	500	500	500	-0-
Cemetery lots and grave openings	800	800	800	-0-
Fire runs	15,000	15,000	17,792	2,792
Miscellaneous	500	500	400	(100)
Total charges for services	28,950	28,950	21,042	(7,908)
Interest and rents				
Interest	10,000	10,000	7,045	(2,955)
Rentals	15,000	15,000	11,900	(3,100)
Total interest and rents	25,000	25,000	18,945	(6,055)
Special assessments				
Current special assessment	4,500	4,500	16,822	12,322
Delinquent special assessment	200	200	-	(200)
Total special assessments	4,700	4,700	16,822	12,122

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES - CONTINUED				
Other				
Miscellaneous	\$ 350	\$ 350	\$ 1,659	\$ 1,309
Proceeds from sale of fixed assets	300	300	84	(216)
Reimbursements	27,900	27,900	2,773	(25,127)
Total other	28,550	28,550	4,516	(24,034)
TOTAL REVENUES	473,965	473,965	528,050	54,085
EXPENDITURES				
General government				
Township board				
Salary and wages	7,000	7,000	6,627	373
Contractual services	2,000	2,000	13,023	(11,023)
Computer services	4,500	4,500	7,006	(2,506)
Supplies	250	250	339	(89)
Mileage	100	100	-	100
Printing and publishing	1,000	1,000	-	1,000
Membership and dues	4,000	4,000	7,795	(3,795)
Meetings and conferences	5,000	5,000	5,046	(46)
Miscellaneous	5,900	5,900	1,625	4,275
Total township board	29,750	29,750	41,461	(11,711)
Supervisor				
Salary and wages	25,000	25,000	25,089	(89)
Supplies	100	100	-	100
Printing and publishing	200	200	-	200
Education	100	100	-	100
Total supervisor	25,400	25,400	25,089	311
Clerk				
Salary and wages	33,000	33,000	33,115	(115)
Deputy clerk salary	3,000	3,000	985	2,015
Printing and publishing	1,500	1,500	1,458	42
Supplies	700	700	201	499
Education	600	600	-	600
Computer and software	500	500	-	500
Total clerk	39,300	39,300	35,759	3,541
Treasurer				
Salary and wages	30,500	30,500	30,662	(162)
Deputy treasurer salary	300	300	386	(86)

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES - CONTINUED				
General government - continued				
Treasurer - continued				
Tax collection expense	\$ 1,500	\$ 1,500	\$ 2,014	\$ (514)
Supplies	1,000	1,000	358	642
Education	1,000	1,000	721	279
Printing and publishing	300	300	-	300
Total treasurer	34,600	34,600	34,141	459
Assessor				
Salary and wages	30,750	30,750	15,759	14,991
Supplies	1,500	1,500	680	820
Contracted services	500	500	9,881	(9,381)
Education	500	500	410	90
Transportation	400	400	44	356
Printing and publishing	100	100	9	91
Computer and software	300	300	420	(120)
Total assessor	34,050	34,050	27,203	6,847
Township hall				
Salary and wages	10,700	10,700	7,663	3,037
Contracted services	2,000	2,000	250	1,750
Supplies	1,500	1,500	307	1,193
Utilities	4,000	4,000	4,523	(523)
Telephone	4,000	4,000	3,794	206
Cellular phones and pagers	1,800	1,800	1,692	108
Refunds	10,000	10,000	8,550	1,450
Repairs and maintenance	7,000	7,000	2,593	4,407
Total township hall	41,000	41,000	29,372	11,628
General administration				
Salary and wages	21,000	21,000	22,986	(1,986)
Attorney	10,000	10,000	3,444	6,556
Supplies	5,000	5,000	6,640	(1,640)
Transportation	100	100	-	100
Total general administration	36,100	36,100	33,070	3,030

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES - CONTINUED				
General government - continued				
Board of review				
Salary and wages	\$ 1,000	\$ 635	\$ 1,567	\$ (932)
Supplies	100	100	-	100
Printing and publishing	100	100	268	(168)
Education	100	100	195	(95)
Miscellaneous	100	100	-	100
Total board of review	1,400	1,035	2,030	(995)
Cemetery				
Contracted services	800	800	300	500
Repairs and maintenance	200	200	376	(176)
Total cemetery	1,000	1,000	676	324
Elections				
Salary and wages	3,500	3,500	3,100	400
Supplies	400	400	449	(49)
Contracted services	400	400	479	(79)
Printing and publishing	600	600	576	24
Total elections	4,900	4,900	4,604	296
Total general government	247,500	247,135	233,405	13,730
Public safety				
Fire department				
Fire protection	69,600	69,600	58,080	11,520
Police department				
Contracted services	6,000	6,000	4,726	1,274
Building inspector				
Salary and wages	-	-	180	(180)
Contracted services	18,000	15,750	17,043	(1,293)
Total building inspector	18,000	15,750	17,223	(1,473)
Total public safety	93,600	91,350	80,029	11,321

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES - CONTINUED				
Community and economic development				
Zoning commission				
Salary and wages	\$ 3,300	\$ 3,300	\$ 1,160	\$ 2,140
Education	300	300	-	300
Total zoning commission	3,600	3,600	1,160	2,440
Planning commission				
Salary and wages	13,900	13,900	15,771	(1,871)
Supplies	200	200	778	(578)
Printing and publishing	1,000	1,000	677	323
Contracted services	19,000	19,000	4,555	14,445
Education	1,500	1,500	-	1,500
Miscellaneous	200	200	-	200
Total planning commission	35,800	35,800	21,781	14,019
Total community and economic development	39,400	39,400	22,941	16,459
Public Works				
Highways				
Repairs and maintenance	30,000	29,250	30,729	(1,479)
Sanitation				
Contractual services	3,900	3,900	3,855	45
Printing and publishing	300	300	283	17
Total sanitation	4,200	4,200	4,138	62
Drains				
Drains at large	10,000	10,000	2,853	7,147
Total public works	44,200	43,450	37,720	5,730
Capital outlay	92,184	96,049	1,510	94,539

Township of Vevay

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES - CONTINUED				
Other				
Pension contributions	\$ 28,000	\$ 28,000	\$ 11,157	\$ 16,843
Social security	14,000	14,000	12,524	1,476
Contracted services	4,800	4,300	5,300	(1,000)
Insurance	28,000	28,000	28,433	(433)
Transportation	400	400	702	(302)
Health and life insurance	24,000	24,000	23,264	736
Miscellaneous	1,300	1,300	1,518	(218)
Total other	100,500	100,000	82,898	17,102
TOTAL EXPENDITURES	617,384	617,384	458,503	158,881
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(143,419)	(143,419)	69,547	212,966
Fund balance, beginning of year	507,319	507,319	507,319	-0-
Prior period adjustments	-	-	(4,116)	(4,116)
Fund balance, end of year	<u>\$ 363,900</u>	<u>\$ 363,900</u>	<u>\$ 572,750</u>	<u>\$ 208,850</u>

OTHER SUPPLEMENTARY INFORMATION

Township of Vevay

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended March 31, 2005

REVENUES

Licenses and permits

Building and zoning permits \$ 20,759

EXPENDITURES

Public safety

Building inspector

Salaries and wages 180

Contracted services 17,043

Total building inspector 17,223

Community and economic development

Planning commission

Salaries and wages 15,771

Supplies 778

Printing and publishing 677

Contracted services 4,555

Total planning commission 21,781

Total construction code expenditures 39,004

Excess of revenues (under) expenditures \$ (18,245)

Township of Vevay

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

March 31, 2005

	Special Revenue		
	Eden Street Lighting	Lone Oak Street Lighting	Bullen Estates Street Lighting
ASSETS			
Cash and cash equivalents	\$ 980	\$ 1,125	\$ 1,654
Investments	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	274	-
TOTAL ASSETS	<u>\$ 980</u>	<u>\$ 1,399</u>	<u>\$ 1,654</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Unreserved - undesignated	<u>980</u>	<u>1,399</u>	<u>1,654</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 980</u>	<u>\$ 1,399</u>	<u>\$ 1,654</u>

Funds	
Hawley Cemetery	Total
\$ 3,589	\$ 7,348
30,853	30,853
200	200
-	274
<u>\$ 34,642</u>	<u>\$ 38,675</u>
\$ -	\$ -0-
<u>34,642</u>	<u>38,675</u>
<u>\$ 34,642</u>	<u>\$ 38,675</u>

Township of Vevay

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Year Ended March 31, 2005

	Special Revenue		
	Eden Street Lighting	Lone Oak Street Lighting	Bullen Estates Street Lighting
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Special assessments	595	910	1,104
Interest and rents	-	-	-
Other	-	-	550
TOTAL REVENUES	595	910	1,654
EXPENDITURES			
General government	-	-	-
Public works	442	700	-
TOTAL EXPENDITURES	442	700	-0-
EXCESS OF REVENUES OVER EXPENDITURES	153	210	1,654
Fund balances, beginning of year	827	1,189	-
Fund balances, end of year	\$ 980	\$ 1,399	\$ 1,654

Funds		
Hawley Cemetery		Total
\$ 760	\$ 760	
-	2,609	
394	394	
360	910	
1,514	4,673	
259	259	
-	1,142	
259	1,401	
1,255	3,272	
33,387	35,403	
\$ 34,642	\$ 38,675	

Township of Vevay

Component Unit

BALANCE SHEET

March 31, 2005

	Downtown Development Authority
ASSETS	
Cash and cash equivalents	\$ 233,851
Due from other governmental units	<u>43,504</u>
	<u>\$ 277,355</u>
FUND BALANCE	
Unreserved - undesignated	<u>\$ 277,355</u>

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for the component unit is not required as the component unit fund balance were equal to the component unit net assets as of March 31, 2005.

Township of Vevay

Component Unit

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

Year Ended March 31, 2005

	Downtown Development Authority
REVENUES	
Taxes	\$ 53,326
Interest	229
	<hr/>
TOTAL REVENUES	53,555
EXPENDITURES	
Community and economic development	9,368
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	44,187
Fund balance, beginning of year	233,168
	<hr/>
Fund balance, end of year	\$ 277,355
	<hr/> <hr/>

Note: Reconciliations of the statement of revenues, expenditures, and change in fund balance of the component unit governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended March 31, 2005.

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

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MANAGEMENT LETTER

To the Members of the Township Board
Township of Vevay
Mason, Michigan

Dear Ladies/Gentlemen:

As you know, we recently completed our audit of the records of the Township of Vevay, Michigan for the year ended March 31, 2005. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. This suggestion is the result of our evaluation of the Township's internal control and our discussions with management.

1. The Township should retain all supporting documentation for investments.

During the course of our audit, it was noted that the Township did not have supporting documentation for their certificates of deposit. This issue had been noted and reported in the last years audit comments.

We suggest the Township retain all supporting documents and if information is not received by the Township from the bank for certificates of deposit, it should be requested.

This condition was considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the general purpose financial statements and this report does not affect our report on the general purpose financial statements dated June 16, 2005.

This report is intended solely for the use of management and the Township Board of the Township of Vevay, Michigan and should not be used for any other purpose. We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 16, 2005

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
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REPORT ON INTERNAL CONTROL

To the Members of Township Board
Township of Vevay
Mason, Michigan

We have audited the financial statements of Township of Vevay as of and for the year ended March 31, 2005, and have issued our report thereon dated June 16, 2005.

In planning and performing our audit of the financial statements of Township of Vevay for the year ended March 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

The management of Township of Vevay is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in any internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

However, we noted certain items involving internal controls and their operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

PROPERTY TAX DISBURSEMENTS

During our analysis of property tax revenue, we noted that the Township had not disbursed certain property tax collections that were collected on behalf of other taxing units until after the fiscal year-end. State law calls for disbursement of all amounts collected with 10 days after the first and fifteenth day of each month and that final distribution to all units should not be later than April 1.

We recommend that the Township review their property tax disbursement procedures and remit future collections in a timely manner as required by the State of Michigan.

TAX COLLECTION PROCESS

During the course of our reconciliation of tax levied collected and the amounts settled with Ingham County it was noted that in certain instances there was a lack of documentation to support various amounts collected, disbursed, captured for the DDA, repaid to municipalities, etc. It appeared that the overall complexity of the DDA, IFT'S, etc. were causing a significant problem for the Township Treasurer and the accurate disbursing of all of these funds was a concern.

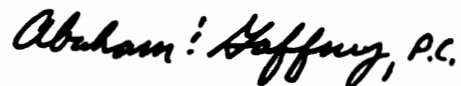
We recommend the Township implement procedures to better track and reconcile the tax collection process. This would include reconciling amount levied, collected and the delinquencies (both real and personal) to assure all funds are properly disbursed that have been levied and collected. There is also a necessity for a full understanding of the DDA captures, the IFT process, and the other intricate procedures related to the tax process.

A material weakness is a condition in which the design or operation of one (1) or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the reportable conditions referred to above are not believed to be material weaknesses.

This report is intended solely for the use of management and the Township Board, and is not intended to be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you, and to provide assistance in the implementation of improvements.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 16, 2005